

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-03  
LAB-04 NSAE-00 NSC-05 PA-02 CTME-00 AID-05 SS-15  
STR-06 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 SOE-02  
OMB-01 DOE-11 AF-10 ARA-14 EA-12 NEA-10 OIC-02  
/158 W

-----035643 271404Z /45

R 261600Z JAN 78

FM AMEMBASSY BONN

TO USMISSION GENEVA

INFO AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

SECSTATE WASHDC 5230

UNCLAS BONN 01507

USMTN, USEEC

E.O. 11652 N/A

TAGS: ETRD, EEC, GW

SUBJECT: MTN - PRESS REPORT

1. IN A CRITICAL REPORT, DATELINED GENEVA, THE FRG  
INDUSTRY-MINDED HANDELSBLATT OF JANUARY 25 DESCRIBES  
THE PRESENT MTN IN GENEVA AS HAVING REACHED AGREE-  
MENT ON SOME POINTS BUT AT THE SAME TIME, "QUITE  
CONSIDERABLE DIFFERENCES OF OPINION" ON OTHERS. THE  
ARTICLE IS ENTITLED "GENEVA ROUND IS NO FORUM FOR  
OPTIMISTS". SUMMARY OF HIGHLIGHTS FOLLOWS.

2. CONTRAST OF US AND EC OUTLOOKS -- REMARKS BY  
THE EC NEGOTIATOR WERE CHARACTERIZED BY AN UN-  
USUALLY SOBER REALISM, WHICH "IN SOME FORMULATIONS  
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BORDERED ON CYNICISM BASED ON BITTER CONFERENCE  
EXPERIENCE". AMBASSADOR MACDONALD EXUDED TRADITIONAL  
AMERICAN OPTIMISM.

3. AREAS OF AGREEMENT -- THE NEGOTIATING PARTNERS  
CONCURRED THAT THE MEETING OF THE "BIG THREE"  
IN GENEVA EARLIER THIS WEEK MAY GIVE ADDITIONAL

IMPETUS TO THE NEGOTIATIONS. THEY ALSO AGREE IN THEIR ASSESSMENTS OF THE HOPED-FOR TARIFF REDUCTIONS, I.E. NO MATTER HOW LARGE THE CUT, THE EFFECT WILL BE LARGELY NEUTRALIZED THROUGH EXCHANGE RATE CHANGES.

4. AREAS OF DISAGREEMENT -- TIMETABLE AND CONDITIONALITY. WHILE BRUSSELS WANTS SOME KIND OF BREATHING PAUSE AFTER FOUR YEARS OF SCHEDULED TARIFF REDUCTIONS, WASHINGTON INSISTS ON CONTINUITY.

5. CONCLUSION OF NEGOTIATIONS -- "MORE MOVEMENT" HAS UNQUESTIONABLY COME INTO THE TOKYO ROUND SO THAT IT WILL BY AND LARGE BE POSSIBLE BY THE END OF THIS YEAR TO COME TO A CONCLUSION.

6. NON-TARIFF BARRIERS -- SOME PROGRESS HAS BEEN ACHIEVED IN THIS AREA. THE NEGOTIATORS DO NOT TAKE THEIR SLOW PROGRESS TOO TRAGICALLY SINCE A LARGE PART OF THIS COMPLICATED ISSUE IS GOVERNED TO AN INCREASING DEGREE BY MULTILATERAL AND BILATERAL AGREEMENTS. THE NEGOTIATING PARTNERS ARE NON-COMMITAL WHEN ASKED ABOUT THE CONNECTION BETWEEN THE NEGOTIATIONS AND MONETARY QUESTIONS, SAYING THAT GIVEN THE DESOLATE STATUS OF SOME IMPORTANT CURRENCIES, IT IS DIFFICULT TO ESTABLISH UNCLASSIFIED

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SUCH A CONNECTION. THE EC REPORTEDLY HAS NO INTENTION OF TAKING ANY ACTION IN THIS SECTOR ON ITS OWN.

7. SAFEGUARDS CLAUSE -- U.S. POSITION IS AMBIGUOUS, BUT WASHINGTON HAS MORE MEANS OF PRESSURE THAN THE EC TO DEAL WITH MARKET DISTURBING ELEMENTS.

8. LDC'S -- THE ARTICLE SEVERELY CRITICIZES THE LDC'S DEMANDS WHICH ARE IN GENERAL WITHOUT COUNTER OFFERS, GO TOO FAR AND ARE FREQUENTLY MADE IN OTHER INTERNATIONAL CONFERENCES, WHILE MANY OF THEM HAVE NO OFFICIAL REPRESENTATION IN THE GATT. BESIDES, THEY REFUSE ANY DIFFERENTIATED TREATMENT OF THE VARIOUS COUNTRIES.

9. COMMENT: THIS IS THE ONLY COVERAGE WE HAVE SEEN OF THE MEETING IN GENEVA EARLIER THIS WEEK. TO EMBASSY RECOLLECTION, IT IS THE FIRST SEVERELY NEGATIVE REPORT ON THE NEGOTIATIONS TO DATE.

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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